

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 02-0690

IAWC REHEARING

EXHIBIT NO. 1

DIRECT TESTIMONY ON REHEARING OF

FREDERICK L. RUCKMAN

ILLINOIS-AMERICAN WATER COMPANY

**DIRECT TESTIMONY ON REHEARING
OF
FREDERICK L. RUCKMAN**

1 **Q. Please state your name.**

2 A. Frederick L. Ruckman.

3 **Q. Please state your business address.**

4 A. 300 North Water Works Drive, Belleville, Illinois 62223.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by American Water Works Service Company, Inc. ("Service Company"),
7 an affiliate of Illinois-American Water Company ("Illinois-American" or "Company")
8 and serve as Vice President, Treasurer and Comptroller of Illinois-American.

9 **Q. Please summarize your higher education.**

10 A. I earned a Bachelor of Science degree, with a major in Accounting, from Eastern Illinois
11 University in 1971.

12 **Q. Please summarize your employment experience.**

13 A. I was employed by Northern Illinois Water Corporation ("NIWC"), a predecessor of
14 Illinois-American, beginning April, 1972, as a Staff Accountant. In April, 1980, I was
15 promoted to Comptroller and elected Secretary of NIWC. In 1994, I was elected to
16 NIWC's Board of Directors, and in 1996, I was promoted to the position of Vice
17 President. On January 1, 2000, I became Vice President and Treasurer of Illinois-
18 American. In 2001, I became an employee of the Service Company, and in 2002, I also
19 became Comptroller of Illinois-American.

1 **Q. Please summarize your responsibilities as Vice President and Treasurer of Illinois-**
2 **American.**

3 A. I am responsible for the Finance, Cash Management, Budgeting, Rates and Growth
4 Activities functions of the Company.

5 **Q. Have you testified before this Commission in other proceedings?**

6 A. Yes. I have testified in many cases involving NIWC, including the ten most recent rate
7 cases and several cases for approval of the issuance of bonds. Since the acquisition of
8 NIWC by Illinois-American, I have testified in cases involving Illinois-American,
9 including its most recent prior rate case, Docket No. 00-0340 and the case in chief in this
10 rate case, Docket No. 02-0690.

11 **Q. Are you employed in the same capacity as you were when you testified earlier in this**
12 **proceeding?**

13 A. Yes.

14 **Q. As Vice President, Treasurer and Comptroller of the Company, are you generally**
15 **familiar with the business, facilities, and operations of the Company in each of its**
16 **divisions?**

17 A. Yes.

18 **Q. Are you also generally familiar with the books and records of the Company?**

19 A. Yes.

20 **Q. Have you reviewed the Commission's Order entered September 30, 2003 granting**
21 **rehearing in this proceeding?**

22 A. Yes.

1 **Q. Did the Company file an application for rehearing?**

2 A. Yes.

3 **Q. What action did the Commission take regarding the Company's application for**
4 **rehearing?**

5 A. The Commission's Order granted the Company's application for rehearing solely to allow
6 evidence regarding the date by which the Company must file a petition for re-approval of
7 certain affiliate agreements, as required in the Commission's Rate Order entered August
8 12, 2003. The agreements specifically referenced in the Rate Order, and the prior
9 dockets in which they were approved, are:

10 American Water Works Service Company - Docket No. 88-0303

11 American Anglian Environmental - Docket No. 00-0306

12 American Water Capital Corporation - Docket No. 00-0476

13 Iowa-American and American Water Works Service Company - Docket No. 01-0418

14 **Q. What time period does the Commission's Rate Order specify for filing of a petition**
15 **for re-approval of these agreements?**

16 A. The Rate Order specifies that the filing deadline date is six months after entry of the Rate
17 Order. This deadline date is February 12, 2004.

18 **Q. Does the Company's application for rehearing request a different deadline date?**

19 A. Yes. The Company's application for rehearing requests twelve months after Commission
20 action on the application for rehearing. The requested deadline date will be September
21 30, 2004.

1 **Q. Why has the Company requested an extension of the deadline date?**

2 A. The time period allowed in the Rate Order does not provide the Company sufficient time
3 to review the subject agreements and to prepare and file a petition for re-approval. The
4 Company requires the requested additional time for several reasons. There has been no
5 prior notice, hearing or even allegations as to any perceived need for revision to any of
6 these agreements. As a result, the Company has been placed into a position of
7 speculating over the possible reasons for the re-approval requirement, particularly given
8 that all but one of these agreements were approved in the last three years. Nevertheless,
9 the Company wishes to make a conscientious review of these agreements. Additionally,
10 this rehearing phase of the case potentially will extend beyond the February 12, 2004
11 deadline stated in the Rate Order for filing the petition for re-approval. This fact, as well
12 as the press of other business, will prevent the Company from giving full attention to the
13 review and re-approval process.

14 **Q. In its application for rehearing, the Company raised objections to the portion of the**
15 **Rate Order which requires these agreements to be submitted for re-approval. Does**
16 **your testimony on rehearing waive these objections?**

17 A. No. My testimony on rehearing is given without waiving the Company's position that the
18 Rate Order's requirement to resubmit these agreements for re-approval is erroneous.

19 **Q. Does this conclude your direct testimony on rehearing?**

20 A. Yes.